

2009-103 AUDIT SCOPE AND OBJECTIVES—Departments of Health Care Services and Public Health—Contracting Practices

The audit by the Bureau of State Audits will provide independently developed and verified information related to the use of information technology (IT) personal services and consulting contracts at the Department of Health Care Services (DHCS) and the Department of Public Health (DPH) and to the extent possible, will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Review and assess each department's policies and procedures for IT consulting and personal services contracts to determine whether they are consistent with applicable law.
3. Identify the number of active IT personal services and consulting contracts at each department. For a sample of these contracts, perform the following to determine whether the departments are complying with Section 19130 of the Government Code and other applicable laws, rules, and regulations.
 - (a) Identify the number and type of IT contract staff employed under each contract, their billing rates, the number of hours worked by contract staff during each fiscal year, and the cost to the State.
 - (b) For IT consulting contracts and personal services contracts, identify the number of consultants who were previously employed by either of the departments as state employees, their pay rate at separation, and the cost to retain these former employees as consultants.
 - (c) Identify the year each contract was originally signed, the effective date, and the termination date.
 - (d) Review the time period and justification for any contracts that were renewed or re-procured. For contracts that were renewed, determine whether there is any evidence of contract splitting.
 - (e) For any amended contracts with an original effective date before July 1, 2003, identify the cost of the original contract, the amount added, and the original term of the contract.
 - (f) For contracts that include provisions for knowledge-transfer to the State, determine whether the two departments are enforcing these provisions.
4. At each department for each of the most recent five fiscal years, identify the number, classification, and cost of IT positions budgeted and the number of vacant positions, turnover rate, and any actions the departments are taking to recruit and retain state employees.
5. For a sample of contracts under review by SPB, identify the Government Code section the departments are using to justify an exemption from the implied civil service mandate. For the contracts overturned by SPB, review the two departments' responses and determine whether corrective action was taken.

6. Review and assess any measures the two departments have taken to reduce the use of IT personal services and consulting contracts.